Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Message Text

LIMITED OFFICIAL USE

PAGE 01 KUALA 03612 01 OF 03 261055Z

12
ACTION EA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 OMB-01

AID-05 EB-07 TRSE-00 AGR-05 COME-00 /074 W
---------- 060299
R 260710Z JUN 75
FM AMEMBASSY KUALA LUMPUR
TO SECSTATE WASHDC 315
INFO AMEMBASSY JAKARTA
AMEMBASSY SINGAPORE
CINCPAC

LIMITED OFFICIAL USE SECTION 1 OF 3 KUALA LUMPUR 3612

CINCPAC FOR POLAD

E.O. 11652: N/A
TAGS: PINT, PGOV, MY
SUBJ: UMNO CONGRESS DEBATES

REF: A) K.L. 3531 B) K.L. 3357

1. SUMMARY: ANNUAL MEETINGS OF UNITED MALAYS NATIONAL ORGANIZATION (UMNO) AND ITS YOUTH AND WOMEN'S AFFILIATES JUN 20-22 HIGHLIGHTED ECONOMIC NATIONALISM IN MALAY COMMUNITY BY REAFFIRMING AND URGING INTENSIFICATION OF GOM'S PRO-BUMIPUTRA (INDIGENOUS MALAY) SOCIAL-ECONOMIC PROGRAMS WHILE AT SAME TIME PLEDGING THAT THIS WOULD NOT BE AT EXPENSE OF NON-BUMIPUTRAS. PRIME MINISTER RAZAK TOLD CONGRESS THAT CONSIDERABLE PROGRESS HAS BEEN MADE IN IMPROVING ECONOMIC POSITION OF MALAYS BUT PRESENT SITUATION IS FAR FROM SATISFACTORY. PRIORITIES OF 1976-80 THIRD MALAYSIA PLAN ARE "TO IMPROVE...LOT OF LOW INCOME GROUP, ESPECIALLY RURAL MASSES (READ MALAY), AND INVOLVE BUMIPUTRAS IN MODERN SECTOR OF ECONOMY." AMONG RESOLUTIONS APPROVED BY CONGRESS WAS CALL THAT 50 PERCENT OF
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 KUALA 03612 01 OF 03 261055Z

LICENSES FOR EXPLOITATION OF NATURAL RESOURCES BE

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

SET ASIDE FOR MALAYS. ON FOREIGN RELATIONS SIDE, PM
RAZAK DEFENDED DIPLOMATIC RAPPROCHEMENT WITH PEOPLE'S
REPUBLIC OF CHINA (PRC), BUT FOR FIRST TIME BROUGHT
OUT INTO OPEN FACT THAT GOM PROTESTED RECENT RADIO
PEKING BROADCAST OF "FRATERNAL GREETINGS" OF CHINESE
COMMUNIST PARTY TO MALAYAN COMMUNIST PARTY. CONGRESS
DELEGATES ALSO VOICED CONCERN ABOUT DETERIORATING SECURITY
SITUATION AND CALLED FOR MORE STRINGENT MEASURES AGAINST
COMMUNIST TERRORISTS. IT APPEARS RAZAK AND TOP UMNO
LEADERSHIP TOOK CRITICISM OF GOM'S POLICIES AND PROGRAMS
IN STRIDE AND THEY ARE REPORTEDLY PLEASED WITH ENDORSEMENT
BY CONGRESS OF GOM'S ECONOMIC STRATEGY, AS WELL AS BY
OUTCOME OF ELECTIONS REPORTED REF A. END SUMMARY.

2. RAZA REPORTS: ARTICLES IN LOCAL PRESS INDICATE
THAT IN HIS WRITTEN REPORT TO 26TH UMNO ANNUAL MEETING, PM
RAZAK CLAIMED SUBSTANTIAL PROGRESS HAS BEEN ACHIEVED IN
PROMOTING BUMIPUTRA PROGRESS BUT ACHIEVEMENTS ARE "STILL
NOT QUITE SATISFACTORY." NOTING THAT IN 1974, 57 BUMIPUTRA
PROJECTS WERE APPROVED BY GOM AND MALAYSIAN DOLLARS 84.9
MILLION (APPROX US DOLLARS 40 MILLION) IN BUMIPUTRA
CAPITAL OWNERSHIP WAS ACCUMULATED, RAZAK SAID GOM MUST
FURTHER ASSIST MALAYS IN ECONOMIC SPHERE. SPECIFICALLY,
THERE IS GREATER ROLE FOR GOVERNMENT AGENCIES (E.G.,
PERNAS, UDA, BANK BUMIPUTRA, STATE ECONOMIC
DEVELOPMENT CORPORATIONS) IN ECONOMIC LIFE OF NATION
WITH OBJECTIVE OF CREATING NEW MIDDLE-CLASS.
REGARDING DISPARITIES IN DISTRIBUTION OF WEALTH,
RAZAK SAID GOM WILL "NOT ALLOW A QUARTER OF THE
SOCIETY TO LIVE IN LUXURY AND PROSPERITY WHILE OTHERS
LIVE FROM HAND-TO-MOUTH." HE SAID, HOWEVER, THAT
GOVERNMENT WILL NOT ALLOW NON-BUMIPUTRA BUSINESSMEN
TO SUFFER AS RESULT OF INCREASED ECONOMIC OPPORTUNITIES
GIVEN TO MALAYS, BUT AT SAME TIME GOM WILL NOT ALLOW
ECONOMIC DIFFERENCES BETWEEN COMMUNAL GROUPS TO WIDEN.
RAZAK ALSO TOOK CREDIT FOR DROP IN INFLATION RATE
FROM 17.4 PERCENT IN 1974 TO 10 PERCENT THIS YEAR.

3. HE EXPRESSED SATISFACTION WITH AGRICULTURAL
DIVERSIFICATION AND INDUSTRIAL GROWTH, EASING OF INFLATION,
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

LAND DEVELOPMENT SCHEMES AND GREEN BOOK PLAN, NOTING
THAT AGRICULTURE SECTOR, INCLUDING FORESTRY AND
FISHING, WILL PROVIDE 50 PERCENT OF JOBS. HE STRESSED
NEED TO INTENSIFY AGRICULTURAL DEVELOPMENT NOTING THAT
ONLY 10 PERCENT OF BANK LOANS WENT TO AGRICULTURE.
INCREASED GOVERNMENT FINANCIAL RESOURCES WILL GO TO
AGRICULTURAL BANK. ESSENCE OF POLICY IS TO PRODUCE
ABUNDANT ESSENTIAL FOODSTUFFS AND CREATE SUUFICIENT JOBS."

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

THIRD MALAYSIA PLAN PRIORITIES ARE "IMPROVE...
LOT OF LOW INCOME GROUP, ESPECIALLY RURAL MASSES,
AND INVOLVE BUMIPUTRAS IN MODERN SECTOR ECONOMY."
HE INDICATED NEED TO CREATE MORE SOCIAL-ECONOMIC
OPPORTUNITIES FOR GROUP LEFT BEHIND. STATE GOVERNMENTS
URGED TO SPEED DEVELOPMENT PROGRAM WITH RICH STATES
PAYING THEIR OWN WAY. HE EXPRESSED INTENTION TO
URBANIZE RURAL PEOPLES THROUGH CREATION OF URBAN
GROWTH CENTERS IN LESS DEVELOPED STATES. THIRD
MALAYSIA PLAN WILL CONTINUE CREATE CORE OF BUMIPUTRAS
ENTREPRENEURS IN TRADE AND INDUSTRY AND ALSO CREATE
SMALL BUMIPUTRA INDUSTRIES. PM ALSO SAID THERE WILL BE BIGGER ROLE
FOR PRIVATE SECTOR UNDER THIRD MALAYSIA PLAN ON FOREIGN AFFAIRS, RAZA
K
REAFFIRMED GOM'S POLICIES OF REGIONALISM AND RELIANCE
ON ASEAN, NON-ALLIGNMENT, DEVELOPMENT OF ISLAMIC
SOLIDARITY AND FRIENDSHIP WITH ALL NATIONS IRRESPECTIVE
OF SOCIO-ECONOMIC SYSTEMS. HE TOOK STRONG STAND AGAINST
DEOMESTIC COMMUNIST MOVEMENT AND DISSENTERS SAYING THAT
"ALL SUBVERSIVE ELEMENTS WHO ARE OUT TO CREATE CHAOS
AND DISUNITY AMONG THE PEOPLE" CANNOT BE ALLOWED AND
THAT NO SEGMENT OF POPULATION CAN HAVE DIVIDED LOYALTIES.
HE ALSO REAFFIRMED STRONG STAND THAT GOM HAS TAKEN TO
CONTROL ITS NATURAL RESOURCES AND TO FORESTALL UNREST
ON THE NATION'S COLLEGE CAMPUSES. (FULL TEXT OF
RAZAK'S SPEECH WILL BE SENT ALL ADDRESSEES.)
DILLON

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

10
ACTION EA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 OMB-01

AID-05 EB-07 TRSE-00 AGR-05 COME-00 /074 W
---------- 060575
R 260710Z JUN 75
FM AMEMBASSY KUALA LUMPUR
TO SECSTATE WASH 316
INFO AMEMBASSY JAKARTA
AMEMBASSY SINGAPORE

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

CINCPAC

LIMITED OFFICIAL USE SECTION 2 OF 3 KUALA LUMPUR 3612

4. CONGRESS RESOLUTIONS: FIVE RESOLUTIONS WERE PASSED BY CONGRESS WITHOUT DEBATE AFTER IT WAS SUGGESTED THAT DEBATE WAS UNNECESSARY SINCE THE RESOLUTIONS WERE COVERED IN THE PM'S SPEECH: A) 50 PERCENT OF ALL LICENSES TO EXPLOIT NATURAL RESOURCES SHOULD BE SET ASIDE FOR BUMIPUTRAS, COMPANIES CREATED BY STATUTORY BODIES (E.G. PERNAS) SHOULD BE GIVEN TO MALAYS, AND ADDITIONAL WAYS AND MEANS OF PROMOTING BUMIPUTRA PARTICIPATION IN ECONOMY SHOULD BE STUDIED; B) EDUCATION MINISTER WAS ASKED TO IMPLEMENT STRINGENT REGULATIONS FOR CONTROL OF STUDENT ACTIVITIES, TO TAKE ACTION AGAINST "UNDISCIPLINED" TEACHERS AND TO IMPROVE RELIGIOUS EDUCATION; C) GOVERNMENT SHOULD COMBAT "MORAL DECAY" THROUGH MEDIA, SCHOOLS AND GOVERNMENT PROGRAMS, AND INTRODUCE RELIGIOUS EDUCATION AT EVERY LEVEL OF SCHOOLING; D) SPECIAL INCENTIVES SHOULD BE DEVELOPED TO GIVE LABORERS SHARES OF COMPANIES THEY WORK FOR; ANDE) GOM'S GREEN BOOK PLAN TO BOOST FOOD PRODUCTION WAS ENDORSED. DURING DEBATES, ACCORDING TO OBSERVERS, CRITICISM OF GOVERNMENT WAS LARGELY GOOD-NATURED AND INTERSPERSED WITH HUMOR; DELEGATES STEERED CLEAR OF SHRILL CRITICISM AND EXTREME PROPOSALS.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

DURING UMNO YOUTH AND WOMEN'S MEETINGS ON JUN 20, GOVERNMENT WAS URGED TO: CREATE SPECIAL MINISTRY TO MONITOR BUMIPUTRA PARTICIPATION IN ECONOMY; INTENSIFY ISLAMIC PROPAGATION IN SCHOOLS; WITHDRAW CITIZENSHIP OF CONVICTED DRUG TRAFFICKERS; REVOKE BUSINESS LICENSES OF FIRMS NOT COMPLYING WITH GOVERNMENT GUIDELINES ON EMPLOYMENT OF MALAYS; AND LIMIT DISTRIBUTION OF CONTRACEPTIVE DEVICES IN ORDER TO PREVENT YOUNG GIRLS FROM BECOMING PROMISCUOUS. YOUTH AND WOMEN'S RESOLUTIONS, HOWEVER, DID NOT REACH CONGRESS FLOOR AND GOVERN-MENT LEADERS WERE NOT OBLIGED TO ACCEPT THEM AS GUIDANCE FROM PARTY.

5. FOREIGN RELATIONS: IN ADDITION TO HIS EXPOSITION OF GOM'S FOREIGN POLICY PRINCIPLES PER PARA 3 ABOVE, RAZAK REVEALED THAT GOM PROTESTED TO PRC OVER CHINESE COMMUNIST PARTY (CCP) "FRATERNAL GREETING" TO MALAYAN COMMUNIST PARTY (MCP) ON OCCASION OF LATTER'S 45TH ANNIVERSARY APR 30. HE SAID CHINESE AMBASSADOR WANG YU-PING WAS TOLD THAT CONGRATULATORY MESSAGE

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

WAS CONTRARY TO ASSURANCES BY CHAIRMAN MAO THAT PRC
HAS NO INTEREST IN MALAYSIA'S COMMUNIST INSURGENCY.
RAZAK THEN REITERATED MAO'S PROMISE THAT TERRORIST
PROBLEM IN MALAYSIA IS "ENTIRELY OUR INTERNAL AFFAIRS,
FOR US TO DEAL WITH AS WE THINK BEST." (SEE ALSO
K.L. 2466 AND K.L. 3086.) SEVERAL DELEGATES EXPRESSED
CONCERN OVER SINGAPOREAN INFLUENCE IN JOHORE'S ECONOMY
AND CRITICIZED GOS FOR BANNING MALAY LANGUAGE PUBLICATIONS,
NOTABLY THOSE OF UMNO-INFLUENCED "UTUSAN MELAYU"
PUBLISHING GROUP. APART FROM CONCERN OVER EXTERNAL INFLUENCES
POSSIBLY RELATED TO DETERIORATING SECURITY SITUATION, THERE WAS LITTL
E
OTHER COMMENT BY DELEGATES ON GOM'S FOREIGN POLICY.

2. SECURITY SITUATION: PUNGENT CRITICISMS OF
GOVERNMENT'S FAILURE TO STEM COMMUNIST TERRORIST
ATTACKS WERE EXPRESSED BY SEVERAL DELEGATES, MOST
FORCEFULLY BY REPRESENTATIVE OF PERAK UMNO. HE
CRITICIZED HOME AFFAIRS MINISTER GHAZALI SHAFIE
FOR MAKING UNFOUNDED STATEMENTS THAT GOVERNMENT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

IS WINNING WAR GAINST COMMUNIST AND HE
PROPOSED THAT CABINET COMMITTEE BE SET UP TO DIRECT COUNTER-
INSURGENCY EFFORT, RATHER THAT LEAVE THIS IMPORTANT
PROBLEM ENTIRELY IN GHAZALI'S HANDS. NOTING RISING
TIDE OF TERRORIST INCIDENTS (SEE ALSO K.L. 3516),
DELEGATES WERE ALSO CONCERNED THAT CT'S HAVE PENETRATED
NEW AREAS AND HAVE RESORTED TO URBAN TERRORISM. IN
REPLY, GHAZALI SAID GOM IS RAPIDLY DEVELOPING PEOPLE'S
VIGILANTE CORPS TO MAINTAIN SECURITY IN VILLAGES AND
TO PATROL COASTAL AREAS TO PREVENT ARMS (AND DRUG)
SMUGGLING. GHAZALI AND RAZAK ADMITTED THERE IS
SUBSTANTIAL RISK OF ARMS SMUGGLING FROM INDOCHINA,
BUT SAID GOM INTENDS TO COOPERATE WITH THAI GOVERNMENT
TO PREVENT INFLUX OF ARMS. RAZAK ALSO SAID THAT
GOVERNMENT WILL INSTITUTE HOUSE-TO-HOUSE CENSUS TO AID
IN CONTROLLING MOVEMENT OF TERRORISTS AND UNDERGROUND
CADRES, AND THAT ALL SEGMENTS OF POPULATION WILL
HAVE TO SUPPORT GOM IN DEFEATING SUBVERSIVES AND
TERRORISTS.

7. TUN MUSTAPHA: SEVERAL DELEGATES NOTED THAT
SABAH CHIEF MINISTER TUN MUSTAPHA HAS NOT TAKEN UP
APPOINTMENT AS FEDERAL DEFENSE MINISTER AS ANNOUNCED
BY RAZAK WHEN NEW CABINET WAS FORMED IN SEPT 1974.
ONE DELEGATE ALSO CALLED FOR DESIGNATION OF FULL-TIME
DEFENSE MINISTER (RAZAK HAS HELD THIS PORTFOLIO SINCE
1970) AND SAID THAT MALAYSIA'S SECURITY CANNOT BE
ENTRUSTED TO A MERE DEPUTY MINISTER (SENATOR

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

DZULKIFLI HAMID FROM SABAH). RAZAK REPLIED THAT MUSTAPHA DECIDED NOT TO TAKE UP APPOINTMENT BECAUSE "PEOPLE OF SABAH WANTED HIM TO REMAIN IN THE STATE." RAZAK ALSO SAID HE DID NOT "SEE ANY PROBLEM" IN HIS HOLDING THE DEFENSE POST.
DILLON

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 KUALA 03612 03 OF 03 261100Z

10
ACTION EA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 OMB-01

AID-05 EB-07 TRSE-00 AGR-05 COME-00 /074 W
---------- 060455
R 260710Z JUN 75
FM AMEMBASSY KUALA LUMPUR
TO SECSTATE WASHDC 317
INFO AMEMBASSY JAKARTA
AMEMBASSY SINGAPORE
CINCPAC

LIMITED OFFICIAL USE FINAL SECTION OF 3 KUALA LUMPUR 3612

8. BEGIN LOU: COMMENT: CONGRESS DEBATE AND RESOLUTIONS WERE CAREFULLY MANAGED BY LEADERSHIP TO PREVENT UNWANTED INITIATIVES FROM BEING FORCED ON GOVERNMENT; FOR EXAMPLE, OVER 100 RESOLUTIONS PROPOSED BY PARTY BRANCHES AND DIVISIONS WERE WINNOWED DOWN TO THE FIVE THAT WERE APPROVED WITHOUT DEBATE. ALSO, MUCH DISCUSSION WAS SHORT-CIRCUITED BY NEW INITIATIVES, ESPECIALLY IN ECONOMIC SPHERE, ANNOUNCED IN RAZAK'S ADDRESS, AS WELL AS BY FREQUENT REFERENCES TO RECENT ECONOMIC LEGISLATION, SUCH AS PETROLEUM ACT AMENDMENT, WHICH HAVE GIVEN GOM POLICIES A DECIDED NATIONALISTIC TING. WE UNDERSTAND RAZAK AND HIS AIDES ARE HIGHLY PLEASED WITH OUTCOME OF CONGRESS (ESPECIALLY ELECTIONS REPORTED REF A), ALTHOUGH THERE WAS SLIGHT JARRING NOTE IN CRTICISM OF GHAZALI SHAFIE'S HANDLING OF GOM'S COUNTER-INSURGENCY

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

EFFORT. OUR CONCLUSION IS THAT RAZAK IS IN FIRMER
CONTROL OF HIS PARTY THAN BEFORE THE CONGRESS.
END LOU.
DILLON

LIMITED OFFICIAL USE

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PARTY UNITY, ECONOMIC PROGRAMS, PARTY MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: johnsorg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975KUALA03612
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750222-0076
From: KUALA LUMPUR
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750614/aaaaamhf.tel
Line Count: 334
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 7
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 3531, 75 3357
Review Action: RELEASED, APPROVED
Review Authority: johnsorg
Review Comment: n/a
Review Content Flags:
Review Date: 16 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 JUL 2003 by CunninFX>; APPROVED <14 NOV 2003 by johnsorg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UMNO CONGRESS DEBATES
TAGS: PINT, PGOV, MY, UMNO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006